



DOCKET FILE COPY ORIGINAL
EX PARTE OR LATE FILED

RECEIVED
APR - 2 1996
FEDERAL COMMUNICATIONS COMMISSION

April 2, 1996

William F. Caton, Secretary
Federal Communications Commission
1919 M Street NW - Room 222
Washington, D.C. 20554

RE: LEC Price Cap Regulation
CC Docket No. 94-1

Dear Mr. Caton:

The purpose of this letter is to inform the Commission that USTA is hereby providing an original and two copies of a letter to the Commissioners, informing them of the collective reduction in interstate access charges represented by the USTA member companies operating under price cap regulation.

Please include this letter in the record of the above-referenced proceeding. Any questions should be directed to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles D. Cosson".

Charles D. Cosson

U.S. Telephone Association
1401 H Street, NW, Suite 600
Washington, DC 20005
(202) 326-7249

cc:

Regina Keeney
A. Richard Metzger
Larry Atlas
Mark Uretsky
Jim Schlichting
Judy Nitsche
Les Selzer
C. Anthony Bush
Steve Weingarten
Steve Spaeth

No. of Copies rec'd
List ABCDE

OT 1



April 2, 1996

RECEIVED
APR - 2 1996
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

The Hon. Reed Hundt, Chairman
The Hon. James Quello, Commissioner
The Hon. Rachelle B. Chong, Commissioner
The Hon. Susan Ness, Commissioner

Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Commissioners:

The "CARE" Coalition recently held a number of meetings with your offices, and a press conference, evidently speculating that interstate access rates would be substantially increased in this year's annual filing. Today, the truth is revealed: the price cap regulated members of USTA collectively reduced interstate access by nearly \$75 million dollars. Attached is a press release, and a table showing the changes in interstate access charges.

This continuing trend reflects the presence of strong competition, as well as the effectiveness of price cap regulation in encouraging LECs to implement competitive efficiencies. In today's environment, the telecommunications industry needs decisive and fair rules in order to continue the transition to an even more robust competitive market.

In this regard, we encourage the Commission to avoid price cap regulation which uses intrusive regulatory measures, such as excessive productivity offsets, to artificially force access rates lower. A meaningful price cap plan, combined with growing competition, demonstrably eliminates the need for such intrusive regulation. Rather, the public interest would be best served by increasing the pricing flexibility available to LECs, as described in USTA's Comments in CC Docket 94-1. Regulatory flexibility will enable competitive forces to regulate interstate access prices more fully, and permit consumers to share more fully in the benefits of such competition.

Sincerely,

A handwritten signature in black ink that reads "Mary McDermott CDC".

Mary McDermott
Vice President, Legal and Regulatory Affairs



UNITED STATES
TELEPHONE
ASSOCIATION

NEWS RELEASE

1401 H STREET NW SUITE 600 | WASHINGTON DC 20005-2164 | TEL 202.326.7360 | FAX 202.218.3540

FOR IMMEDIATE RELEASE

April 2, 1996

Contact: Jocelyn Miceli
(202) 326-7279

USTA PRICE CAP MEMBERS SHOW SIXTH CONSECUTIVE REDUCTION IN ANNUAL FILING OF INTERSTATE ACCESS RATES

WASHINGTON, D.C. -- The 12 price cap regulated members of the United States Telephone Association (USTA) for the sixth consecutive year collectively reduced interstate access tariffs by nearly \$75 million today. This means that access customers have now realized a total savings of approximately \$9 billion dollars in reductions in interstate access charges over the past six years.

"This year's decrease continues the trend of additional annual savings for the long distance carriers," said Roy Neel, president and chief executive officer of USTA. "Taking into account inflation over the period price cap regulation has been in effect, the real cumulative savings to the long distance carriers has been \$19 billion. This is a real price reduction of nearly 37 percent over this period." Neel added that despite the enormous savings the price cap LECs continue to pass on in access rate reductions, the long distance carriers continually raise their rates. In fact, just after the Telecommunications Act passed in early February, AT&T and MCI announced another price increase of more than four percent. The other major interexchange carriers have, of course, followed suit.

-MORE-

“The LEC trend of price decreases, however, clearly shows that the intent of price caps to simulate the effects of competition for the LECs has taken hold,” Neel said. “As the Telecommunications Act of 1996 is implemented and competition continues to increase, the FCC must aggressively remove the regulatory constraints on the price cap LECs so consumers continue to realize these benefits.

“USTA urges all consumers -- rural and urban, residential and business -- to question why these savings have not been passed on to them and why their long distance rates continue to go up, up, up.”

*The 12 USTA price cap regulated members are Ameritech, Bell Atlantic, BellSouth, Citizens, Frontier, GTE, Lincoln Telephone & Telegraph, NYNEX, Pacific Telesis, Southern New England Telephone, Southwestern Bell and US West. USTA welcomes Citizens Telecom as the twelfth price cap member LEC.

In its 98th year, the United States Telephone Association is the nation's only forum for the small, mid-size and large companies of the local exchange carrier industry. USTA represents more than 1,200 companies nationwide that collectively have more than 95 percent of the nation's local access lines.

#

****Sprint/United is no longer a member of USTA and therefore, is not included in the calculations used throughout this press release.***

**Summary of Price Cap Revenue Deltas
For USTA Price Cap LECs**

Common Line	EUCL CCL Total	Revenue Deltas	% Change
		\$13,951,553 (\$72,016,086) (\$58,064,533)	0.21 -2.23 -0.59
Switched TS		(\$947,074)	-0.02
Trunking		(\$15,593,451)	-0.24
Total IS Access		(\$74,605,058)	-0.36

4/1/96